

Definition of Terms

Affordable Housing assumes that a renter household pays no more than 30% of its income toward housing costs, and that utilities are included in this amount. For homeowners, an affordable mortgage payment is 25% of household income, leaving 5% of income for taxes, insurance, utilities and maintenance. Condominium fees often include some of these costs.

Median Home Price is the sale price of the "middle" home during a given period. 50% of homes sell for higher than this amount and 50% sell for less.

Average Home Price is the average cost of all home sales during a given period. Because a few very expensive homes can raise the average, it is usually higher than the median home price. The home prices (both average and median) quoted in this report are based primarily on resale rather than newly-constructed homes, many of which are sold directly by developers.

Single-family homes are generally detached homes, and do not include condominiums or most townhouses. **Condos** include all attached homes without independent ownership of one's own lot. **All homes** refers to both single-family and condominium housing.

Average Rent is the average of all units surveyed at a point in the year. In some cases the average is given for two bedroom, one bath units only.

Vacancy rate refers to the percent of all units surveyed that are vacant at the time of the survey. A normal vacancy rate is approximately 5%. A scarcity of rental units means upward pressure on rents.

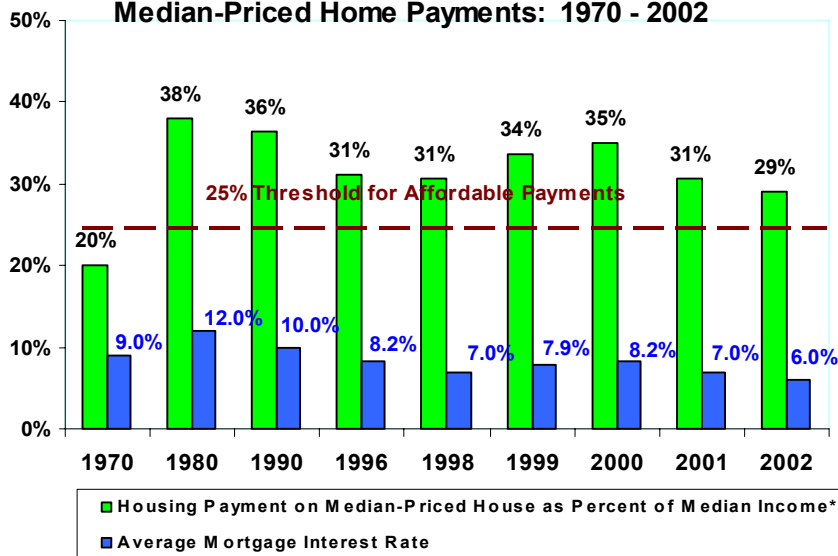
Median Household Income is the income earned by the middle household in order of income. The median income of a "typical household" in King County is calculated by averaging the H.U.D. median income for a two person and a three person household, since the average household size in this county is about 2.4 persons.

Income Groups are described by percent of median income. For this report **very low income** refers to those earning *under 30% of median income*. **Low income** households earn *less than 50% of median income*. **Moderate income** households earn *50 – 80% of the median income*.

2002 Home Sale Highlights

- The median price of all homes (condominiums as well as single family homes) sold in King County in the first half of 2002 was \$256,000, up 4.9% from last year.
- The median income in the County rose by about \$4,000 from 2001 to 2002, or about 6.5%.
- The **median** price of single family homes was \$280,000 (up 6.0%), and of condominiums was \$180,000 (up 3.4%).
- The **average** price of a single family home was \$338,500, and the **average** price of a condo was \$214,300.
- With interest rates falling to around 6% for a conventional 30-year mortgage, buying a median-priced single family home required just \$1,000 more in income than last year - an increase of under 1.5%.
- Buying a median-priced condo required about \$1,000 *less* income in 2002 than in 2001.

Percent of Median Monthly Budget Needed for Median-Priced Home Payments: 1970 - 2002



*An affordable monthly payment is approximately 25% or less of median monthly income. This graph assumes a conventional 30 year mortgage with 5% down, at the average interest rate for that year.

- For a household earning the median income for King County, it would take about 29% of the household's monthly income to pay the mortgage on the median-priced single family home.
- In 1970 the proportion of income required was 20%, in 1980 it was 38%, in 1990 it was 36%, in 2000 it was 35%, and in 2001 it was 31%. Much of this variance is due to the prevailing mortgage rate. A mortgage payment should be 25% of income or less for a home to be affordable.
- A household earning the median income for the County in 2002 (about \$65,400) could afford a home priced at \$239,000. About 35% of single family homes sold for that amount or less.